

Dominion Energy Southeast Services, Inc.  
Legal Regulatory Department  
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Mailing Address:  
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DominionEnergy.com



May 16, 2019

**VIA ELECTRONIC FILING**

The Honorable Jocelyn G. Boyd  
Chief Clerk/Administrator  
Public Service Commission of South Carolina  
101 Executive Center Drive  
Columbia, South Carolina 29210

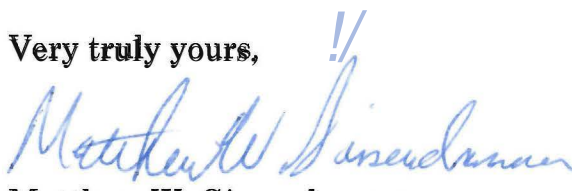
RE: Application of South Carolina Generating Company, Inc. for Authority  
to Refinance Debt and Enter into Note Agreement  
Docket No. 2019-150-E

Dear Ms. Boyd:

Enclosed for filing on behalf of South Carolina Generating Company, Inc. ("GENCO") is a Proposed Order Authorizing Refinancing and Entry into Note Agreement ("Proposed Order") in the above-captioned docket.

By copy of this letter, GENCO is providing a copy of the Proposed Order to the South Carolina Office of Regulatory Staff.

If you have any questions or concerns, please do not hesitate to contact us.

Very truly yours, 

Matthew W. Gissendanner

MWG/kms  
Enclosure

cc: Dawn Hipp  
Jeffrey M. Nelson, Esquire  
(both via U.S. First Class and electronic mail w/enclosure)

**BEFORE**  
**THE PUBLIC SERVICE COMMISSION**  
**OF**  
**SOUTH CAROLINA**  
**DOCKET NO. 2019 - 150 - E**

May \_\_, 2019

IN RE: APPLICATION BY SOUTH )	
CAROLINA GENERATING )	PROPOSED ORDER
COMPANY, INC. FOR )	AUTHORIZING
AUTHORITY TO REFINANCE )	REFINANCING AND ENTRY
DEBT AND ENTER INTO NOTE )	INTO NOTE AGREEMENT
AGREEMENT )	

This matter comes before the Public Service Commission of South Carolina (“Commission”) by way of an Application filed on May 2, 2019, by South Carolina Generating Company, Inc. (“Company” or “GENCO”) pursuant to S.C. Code Ann. § 58-27-1710 et seq. (2015), and S.C. Code Ann. Regs. 103-823 and 823.1 (2012) (“Application”). The Application sought authorization to enter into a Note Agreement (the “Proposed Note Agreement”) with respect to inter-company debt with Dominion Energy, Inc. (“DEI”) to refinance a portion of existing debt and equity capital.

GENCO is a corporation organized and existing under the laws of the State of South Carolina, having its principal office and place of business in Cayce, South Carolina. On January 1, 2019, DEI completed its acquisition of SCANA Corporation (“SCANA”), and as a result, GENCO became an indirect subsidiary of DEI, a Virginia

corporation. GENCO is an affiliate of Dominion Energy South Carolina, Inc. ("DESC") formerly known as South Carolina Electric & Gas Company. GENCO owns the Arthur M. Williams generating station (the "Plant"). DESC purchases from GENCO all of the power generated by the Plant pursuant to a Unit Power Sales Agreement and operates the Plant pursuant to an Operating Agreement.

The Federal Energy Regulatory Commission ("FERC") authorizes short-term debt of GENCO through utility money pool borrowings between Dominion Energy Southeast Services, Inc. (formerly known as SCANA Services, Inc.) and the Company.

This Commission has authorized \$100 million, 5.49% Senior Secured Notes due February 1, 2024 ("Prudential Notes"), by Order No. 2003-740, as amended by Order No. 2004-392 in Docket No. 2003-355-E, and prior debt of \$160 million, 6.06% Senior Secured Notes due June 1, 2018 ("Prior Debt"), by Order No. 2008-385 in Docket No. 2008-161-E.

In the Application, the Company stated that, when a portion of the Prior Debt matured on June 1, 2018, GENCO was unable to obtain external financing at reasonable rates and therefore, this debt was refinanced through a combination of short-term borrowings through the utility money pool authorized by FERC and a \$20 million equity advance. Through this filing, GENCO seeks Commission approval to refinance a portion of utility money pool borrowings, potentially an external Note with Prudential and return \$20 million of contributed equity capital to SCANA. According to the Company's Application, under the existing Prudential Notes

agreement, the Company must seek consent from the majority of the Noteholders to enter into any further indebtedness. Alternatively, or in the event that such consent is denied, GENCO may deem it beneficial to call the Prudential Notes prior to maturity.

Under the Proposed Note Agreement, the Company would borrow up to \$230 million at a market rate determined at the time of the note execution, estimated not to exceed 4.5% on or before June 1, 2019. The proceeds of any borrowing by the Company under the Proposed Note Agreement will be used to refinance a portion of the outstanding utility money pool borrowings of the Company which are short-term in nature, to potentially redeem the existing Prudential Notes prior to maturity, and to return the \$20 million equity advance.

The proposed note will mature no later than June 1, 2024. However, the Applicant will have the option to pay down the note prior to the stated maturity date.

In its Application, GENCO states that the primary benefit of the transaction is the restoration of the capital structure to the approximate levels existing prior to June 2018. The issuance of this debt will have the effect of restoring the capital structure of GENCO more heavily toward debt from common equity, which will produce a lower cost of capital and capital recovery rate billed to DESC to the benefit of DESC's customers. After investigation by the South Carolina Office of Regulatory Staff and upon full consideration by the Commission, the Commission is of the opinion, and so finds, that the matters set forth in the Application and the exhibit

thereto are proper; that the purpose of the Proposed Note Agreement and the proposed use of proceeds by the Company under the Proposed Note Agreement is proper; and that refinancing a portion of the outstanding utility money pool borrowings of GENCO, potentially redeeming prior to maturity the existing Prudential Notes and returning the \$20 million equity advance pursuant to the terms thereof are reasonable and proper and that the Proposed Note Agreement for up to \$230,000,000 is reasonably necessary for the purpose for which it is to be used.

IT IS THEREFORE ORDERED, ADJUDGED AND DECREED:

1. That GENCO is hereby granted a Certificate of Authority to refinance the utility money pool short-term debt, the existing Prudential Notes and equity capital contribution through an internal note agreement with DEI not to exceed \$230 million.
2. That GENCO is hereby granted a Certificate of Authority to execute and deliver a note agreement with the respect to the issuance of a note pursuant to the terms thereof.
3. That approval of the Application does not bind the Commission as to the ratemaking treatment of the note or borrowings thereunder.
4. That this Order shall not, in any way, affect or limit the right, duty, or jurisdiction of the Commission to further investigate and order revisions, modifications, or changes with respect to any provision of this Order in accordance with the law.

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5. This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:

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Comer H. "Randy" Randall, Chairman

ATTEST:

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Jocelyn G. Boyd, Chief Clerk/Administrator  
(SEAL)